



United States Senate

NEWS RELEASE

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Craig, Nelson Introduce Legislation to Spur Biogas Development

WASHINGTON, D.C. – Idaho Senator Larry Craig (R-Idaho) joined Nebraska Senator Ben Nelson (D-Neb.) today in proposing groundbreaking legislation that will eliminate the need for billions of gallons of fossil fuels in the United States. The legislation would promote the development of biogas – a natural gas substitute created by the anaerobic digestion of animal wastes – through tax incentives and guaranteed loans for small businesses.

Craig said, “Creating another market for a commodity is helpful, but, as we have seen with corn-based ethanol, it can have negative consequences. However, creating a product out of waste is a groundbreaking opportunity to assist our livestock farmers. You create a new market, help control waste, keep our environment clean, and create a new revenue stream for farmers. That is why this is so exciting and worthwhile.”

“The technology to break down animal wastes to create biogas already exists but it needs encouragement from the federal government to become a commercially-viable alternative to natural gas. This new energy source would benefit rural communities and the environment while lessening our dependence on fossil fuels,” said Nelson. “We shouldn’t waste the waste; we should promote biogas development.”

Biogas is produced through the anaerobic digestion (AD) of animal wastes and other agricultural or organic wastes and is composed of at least 60% methane (the principal ingredient of natural gas). Biogas can be used as is on the farm or co-located with another facility such as an ethanol plant, or it can be cleaned up to be used as a renewable substitute for natural gas, propane or other fossil fuels.

Craig and Nelson’s legislation, the Biogas Production Incentives Act of 2007 would encourage greater production of biogas for energy purposes by:

- Providing biogas producers with a tax credit of \$4.27 for every million British thermal units (mmBtu) of biogas produced;
- Providing loans, loan guarantees and/or grants for the multi-farm collection and transportation of qualified energy feedstock from smaller livestock operations to a qualified facility, or for the purchase or construction of equipment or facilities for collection and transportation;

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- Creating a counter-cyclical safety net for biogas producers by providing payment from Commodity Credit Corporation funds to qualified biogas producers only when the annual average daily prices of natural gas falls below a certain level.

The Environmental Power Corporation has estimated national biogas production potential from AD systems on dairy, swine and beef farms could exceed 340 million mmbtu of gas per year. This would be the energy equivalent of approximately 2.5 billion gallons of heating oil per year.

Biogas production also offers environmental benefits such as a reduction in the greenhouse gas emissions of both carbon dioxide and methane and improved water quality through better manure management.

This legislation is supported by a number of agriculture groups.